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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

JG2-2239

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 31, 1992 Comm. File No. 0-3223

INFORMATION INTERNATIONAL, INC.

Delaware 95/18

IRS No. 04-2301049

5933 Slauson Avenue
Culver City, California 90230
(310) 390-8611

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. Yes_x_No___.

Indicate the number of shares outstanding on each of the issuer's classes of common stock, as of February 17, 1992:

Common stock $.25 par value 2,339,076

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Part I - Financial Information
Item 1. Financial Statements

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on form 10-K.

The information furnished herein reflects all adjustments which are, in the opinion of Management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal and recurring nature. The results of the first nine months of the year are not necessarily indicative of results to be expected for the entire year. The consolidated statement of income is shown on the next page.

Part I - Financial Information (continued)

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For The Three Months Ended		For The Nine Months Ended	
	Jan.31,1992	Jan.31,1991	Jan.31,1992	Jan.31,1991
Total revenues	$6,239,823	$8,825,508	$16,012,380	$27,218,592
Cost of revenues	3,382,695	4,550,707	9,022,700	14,164,072
Gross profit	2,857,128	4,274,801	6,989,680	13,054,520
Operating expenses:				
Marketing & selling expenses	1,170,591	1,478,218	3,937,179	4,939,954
General & administrative expenses	1,141,728	1,111,554	3,194,870	3,153,984
Customer support expenses	435,335	576,013	1,518,375	1,735,664
Research & development expenses	1,168,640	1,276,964	3,553,686	3,819,902
Income (Loss) from operations	(1,059,166)	(167,948)	(5,214,430)	(594,984)
Interest & dividend income, net	328,539	390,935	1,069,457	1,205,011
Other (expense) income	(9,860)	10,507	(356)	26,343
Income (Loss) before provision for income taxes	(740,487)	233,494	(4,145,329)	636,370
Provision for income taxes (benefit)	(281,000)	89,000	(1,575,000)	242,000
Net Income (Loss)	($459,487)	$144,494	($2,570,329)	$394,370
Earnings (Loss) per share	($.20)	$.06	($1.10)	$.17

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	January 31, 1992	April 30, 1991
Current assets:		
Cash	$234,338	$222,685
Short-term investments	7,683,686	4,805,766
Accounts receivable, net of reserve of $464,495 at January 31, 1992 and $566,638 at April 30, 1991	2,699,755	5,018,505
Inventories	6,907,563	7,791,090
Prepaid expenses	449,788	614,008
Deferred tax benefit	1,053,450	---
Total current assets	19,028,580	18,452,054
Investments, notes receivable and other	9,712,372	12,732,448
Fixed assets, at cost:		
Leased equipment	337,273	220,686
Office and manufacturing facility	2,453,312	2,453,312
Equipment and leasehold improvements	7,993,170	7,957,317
	10,783,755	10,631,315
Less: accumulated depreciation and amortization	(8,339,518)	(7,716,912)
Subtotal	2,444,237	2,914,403
Total assets	$31,185,189	$34,098,905
Current liabilities:		
Accounts payable	$620,609	$1,467,265
Customer advances	3,764,581	1,854,925
Accrued liabilities:		
Deferred income taxes	---	745,869
Payroll and vacation pay	1,963,575	1,993,594
Employee benefits	---	150,000
Dividend declared	---	266,249
Other	264,432	251,407
Total current liabilities	6,613,197	6,729,309
Deferred income taxes	456,000	456,000
Shareholders' equity:		
Common stock $.25 par value Authorized 9,000,000 shares Outstanding 2,339,076	707,282	707,282
Additional paid-in capital	13,357,795	13,357,795
Treasury shares	(5,465,328)	(5,465,328)
Cumulative translation adjustment	42,402	12,379
Retained earnings	15,473,841	18,301,468
Total shareholders' equity	24,115,992	26,913,596
Total liabilities and shareholders' equity	$31,185,189	$34,098,905

The accompanying notes are an integral part of these balance sheets.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the nine months ended	
	January 31, 1992	January 31, 1991
Cash flows from operating activities:		
Net income (loss)	(2,570,329)	394,370
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	622,100	980,254
Loss (gain) on sale/disposal of equipment	(1,562)	157,999
Issuance of treasury stock	---	150,000
Changes in assets and liabilities:		
Receivables, net	2,318,750	(36,665)
Inventories	883,527	1,260,329
Prepaid expenses	164,220	(231,109)
Deferred tax benefit	(1,053,450)	---
Accounts payable	(846,656)	(725,670)
Customer advances	1,909,656	(1,684,242)
Accrued liabilities	(1,179,112)	(547,829)
Cumulative foreign translation adjustment	30,023	140,659
Net cash provided by (used in) operating activities	277,167	(141,904)
Cash flows from investing activities:		
Net change in short-term investments	95,478	4,132,530
Purchases of investments, net	---	(3,517,969)
Proceeds from sale of investments	46,678	70,512
Expenditures for capital equipment	(151,322)	(383,258)
Proceeds from sale of capital equipment	950	9,846
Net cash provided by (used in) investing activities	(8,216)	311,661
Cash flows from financing activities:		
Payment of cash dividends	(257,298)	(255,357)
Net cash used in financing activities	(257,298)	(255,357)
Cash increase (decrease) for the period	11,653	(85,600)
Cash at the beginning of the period	222,685	277,358
Cash at the end of the period	$234,338	$191,758
Supplemental disclosure of cash flow information:		
Income taxes paid	$222,465	$251,966
Common stock issued to ESOP	---	$150,000

The accompanying notes are an integral part of these financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Summary of Accounting Policies

Reference is made to Note 1 and Note 2 of the Notes to Consolidated Financial Statements contained in the 1991 Annual Report to shareholders filed as an exhibit to the Company's Form 10-K for the year ended April 30, 1991 for a summary of accounting policies, including information on principles of consolidation, inventories, property and depreciation, revenues, translation of foreign currencies and income taxes.

Inventories at January 31, 1992 and April 30, 1991 are as follows:

	January 31, 1992	April 30, 1991
Raw materials and supplies	$2,625,825	$3,611,152
Work in process	4,281,738	4,179,938
	$6,907,563	$7,791,090

Earnings per share for the periods ended January 31, 1992 and 1991 are based upon the weighted average number of shares outstanding, 2,339,076 for the three and nine-month periods ended January 31, 1992, and 2,321,429 and 2,316,212 for the three and nine-month periods ended January 31, 1991, respectively. Stock options granted are common stock equivalents; however, they are excluded in the computation of loss per share as their inclusion would be anti-dilutive.

Dividends in the amount of 11 cents per share were paid during each of the fiscal quarters ending 7/31/91, 7/31/90, 1/31/92 and 1/31/91.

In February 1992, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 109, Accounting for Income Taxes. That Statement supersedes both Accounting Principles Board (APB) Opinion No. 11, which the Company currently follows, and FASB Statement No. 96, both titled Accounting for Income Taxes. Adoption of Statement 109 is required for fiscal years beginning after December 15, 1992, with early adoption permitted. The Company plans to adopt the new standard no later than fiscal year ending April 1994 on a prospective basis. Management does not expect that adoption of the new standard will have a material effect on the Company's financial position or results of operations.

2. Short-Term Investments

Short-term investments at January 31, 1992 consisted of: Treasury Notes of $1,998,377; Federal Government Agency Notes of $842,199; and corporate commercial paper of $4,843,110. At April 30 1991, short-term investments consisted of: Treasury Notes of $994,063; Federal Government Agency Notes of $1,312,525; and corporate commercial paper of $2,499,178.

3. Investments and Notes Receivables

At January 31, 1992, long-term investments consisted of: Treasury Notes of $3,971,337; Federal Home Loan Notes of $3,953,754; Federal National Mortgage Notes of $1,400,365; and corporate commercial notes of $381,916. At April 30, 1991, long-term investments consisted of Treasury Notes of $4,975,652; Federal Home Loan Notes of $3,953,754; Federal National Mortgage Notes of $1,400,365 and corporate commercial notes of $2,349,298.

4. Shareholder's Rights to Purchase Information International, Inc. Common Stock

The company has provided notice to shareholders that on September 11, 1990, it declared a dividend of common stock right (the "Rights") for each outstanding share of Information International, Inc. common stock held by shareholders of record on September 11, 1990.

Initially, the Rights will not be exercisable and certificates will not be sent to shareholders. The Rights will automatically trade and be transferable with the Common Stock. The Rights become exercisable and separately transferable on the occurrence of certain events as defined in the Rights Agreement such as an increase in the number of shares held by an existing shareholder with more than 10% ownership or a new shareholder who acquires 10% or more of the outstanding shares.

The Shareholder's Rights Agreement will expire December 31, 1995 unless such date is extended by action of the Board of Directors or unless such Rights are earlier redeemed by the Board. The Rights Agreement cannot be extended beyond August 14, 2000.

Part I. Financial Information
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S ANALYSIS OF QUARTERLY INCOME STATEMENTS.

Comparing Third Quarter Fiscal 1992 with Third Quarter Fiscal 1991

The total revenue for the third quarter of fiscal 1992 declined by $2,586,000 when compared to the third quarter of fiscal 1991. Major System sales, PC/Front-End Systems, Field Service and Miscellaneous revenue have all decreased due to the lower placement and acceptance of Major System sales and the peripheral revenue activities associated with these sales.

Total gross profit margin percent for fiscal 1992 third quarter was 45.8%. This was a 2.6 percentage point decrease in margin when compared to fiscal 1991 third quarter. The decrease in margin percentage was primarily due to lack of Major System and PC/Front-End System sales during the third quarter of fiscal 1992. Total gross margin dollars of $2,857,000 for the third quarter of this year was $1,418,000 lower than the third quarter in fiscal 1991.

Total third quarter operating expenses decreased by $526,000 to $3,916,000 when compared to last year's third quarter. Marketing, Customer support and R&D expense areas were all reduced in response to lower revenues for the quarter.

Interest and other income decreased by 20.6% or $83,000 when compared to the third quarter in fiscal 1991. This reduction was due to a slight decrease in investable funds combined with a lower interest rate. Due to the lack of sales in the third quarter of this fiscal year, the Net loss was $459,000 which compared to a year earlier profit of $144,000.

Part I. Financial Information
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S ANALYSIS OF QUARTERLY INCOME STATEMENTS.

Comparing First Nine Months of Fiscal 1992 with First Nine Months Fiscal 1991

The total revenue in the first nine months of fiscal 1992 was $16,012,000 which was a 41.2% decrease when compared to the first nine months in fiscal 1991. The primary reason for the decrease in total revenue was due to sales declines in Major Systems, Major System Rentals, Field Service and Miscellaneous revenue. Major Systems Sales declined by 61.4% when compared to last year due to the state of the economy and the reluctance of our customers to invest in capital expenditures. Field Service and Major System Rental revenue declined by $414,000 and $268,000, respectively, due to equipment rental returns. Miscellaneous revenue decreased by 44.9% due to a decline in purchases of upgrades and spare part sales for existing equipment. Decreases in the above mentioned categories were partially offset by $256,000 increase in PC/Front-End System sales.

The total gross profit margin as a percent of revenue was 43.7% for the first nine months in fiscal year 1991 which is a decrease of 4.3 percentage points when compared to last year. Due to the lack of sales volume, all revenue categories' margin dollars have decreased except for P/C Front-End Systems and Major System Rentals. Total margin dollars for the first nine months was $6,990,000 in fiscal 1992 as compared to $13,055,000 in fiscal 1991.

Total Operating expenses for fiscal 1992 were $12,204,000 which was a $1,445,000 reduction in expenses when compared to the first nine months in fiscal 1991. Marketing, Customer Support and R&D expenses have been reduced due to a consolidation of the workforce combined with a decrease in non-labor expenses. General and Administrative expenses have remained relatively flat with only a 1.3% increase over the prior year.

The first nine months of fiscal 1992 showed a 13.2% decrease in interest and other income as compared to last year. This $162,000 decrease was due to a decline in investable funds.

Net loss for the first nine months for fiscal 1992 was $2,570,000 or $1.10 per share. Net Income for the first nine months for fiscal 1991 was $394,000 or 17 cents per share. This reduction in net income was primarily due to 41.2% decline in sales revenue combined with a slight drop in gross margin partially offset by the reduction in operating expenses.

Net working capital in the first nine months of fiscal 1992 was $12,415,000 as compared to $11,920,000 for the last fiscal year. The net working capital increase was due to the movement of long term investments to short term. The Company has been able to meet all cash requirements during the first nine months with funds generated internally. The Company is not aware of any pending cash requirements or capital commitments which would adversely affect its liquidity or capital resources.

Part II - Other Information

Item 1 - Legal Proceedings - Reference is made to Part I, Item 3 of the Company's 1991 Annual Report on Form 10-K for legal proceedings.

Item 2 - Changes in Securities - None

Item 3 - Defaults Upon Senior Securities - None

Item 4 - Submission of Matters to a Vote of Security Holders

At the annual meeting of Shareholders held on August 21, 1991, the following matters were approved by a vote of security holders.

1. Election of Directors listed below:

Joseph E. Engelberger
Ralph S. Roth
Charles Ying

For: 1,786,014 Withheld: 30,942 Abstained/No Vote: 211,458

2. Adoption of an Employee Stock Purchase Plan

For: 1,941,247 Against: 30,886 Abstained/No Vote: 56,281

Item 6 - Exhibits and Reports on Form 8-K

(a) Not applicable
(b) Registrant did file a report on form 8-K during the first nine months of fiscal 1992.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INFORMATION INTERNATIONAL, INC.

T. N. Taugner,
Vice President Finance

March 9, 1992